

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Cotton and Products Update

Report Categories:

Cotton and Products

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Report Highlights:

Pakistan's 2016/17 cotton production is forecast at 8.0 million 480 lb bales, down one million bales from the previous estimate. Faced with low cotton prices for the second consecutive year, farmers have opted to reduce cotton planting, shifting to corn and sugar cane where possible. Cotton area is forecast at 2.5 million hectares, down 300,000 hectares from a year ago. Current year imports are expected to slow in the last few months of the marketing year, but are on pace to reach a near-record 3.5 million 480 lb bales. 2016/17 imports are also forecast higher in light of expected lower production.

General Information:

Cotton Production Expected Lower:

Pakistan's 2016/17 cotton production is forecast at 8.0 million 480 lb bales, down one million bales from the previous estimate of 9.0 million bales. Area planted is lower than previously forecast. While agronomic, irrigation, and climatic factors limit the degree to which farmers can opt out of cotton, it appears the growers have shifted to corn and sugarcane where possible. Both crops benefit from significant tariffs that insulate domestic market prices from the international market, while cotton producers face stiff competition from imports.

A repeat of last year's widespread farmer decision to lower costs for inputs such as insecticides and labor in the face of low market prices continues to be a strong possibility heading into the 2016 harvest. Pakistan's continued reliance on dated biotechnology makes farmers vulnerable to boll worms, especially pink boll worms, a factor that is worsened if farmers opt not to apply insecticides. Similarly, sucking insects like white fly and leaf hoppers spread the Cotton Leaf Curl virus if not controlled properly with insecticides. Time will tell, but 2016 appears to be shaping up as a repeat, or close to it, of 2015. True, forecast yields are above year-ago yields, but it is still early and the situation definitely merits a close watch over the next few months. Some are advocating for the establishment of a cotton support price at which the Trade Corporation of Pakistan would purchase cotton, but no decision has been announced thus far. At this point, it may be too late for a decision to have much of an effect on planted area, but more market certainty could encourage farmers to spend more on inputs or pay for the labor to cover increased pickings.

Trade:

Imports of cotton continue, but are expected to slow somewhat as new crop cotton becomes available. 2015/16 imports are now estimated at 3.5 million 480 lb bales, the second highest import level on record. 2016/17 imports are also forecast higher reflecting the need to offset lower production in the face of stable demand.

Table 1: Cotton Trade Data (Figures in MT)

Cotton Imports			Cotton Exports	
Months	MY 14/15	MY 15/16	MY 14/15	MY 15/16
August	7,314	7,546	9,461	12,679
Sept	5,661	3,429	19,070	24,618
Oct	7,133	7,831	15,838	9,073
Nov	13,529	62,585	16,018	1,406
Dec	7,166	97,050	12,222	1,858
Jan	12,537	65,483	14,346	1,551
Feb	17,540	66,676	5,282	519
March	30,337	52,486	2,729	624
April	25,545	52,464	2,261	240
May	23,212	35,868	1,221	258
June	21,608		558	
July	20,315		4,003	
Total	191,897	695,342	103,009	52,826

Source: Pakistan Bureau of Statistics

Table 2: Production, Supply and Demand Data Statistics

Cotton Market Begin Year Pakistan	2014/2015		2015/2016		2016/2017	
	Aug 2014		Aug 2015		Aug 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0

